



# The Economic Value of Allan Hancock College FACT SHEET

**A**LLAN Hancock College (AHC) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2018-19.

## Economic impact analysis

In FY 2018-19, AHC added **\$541.1 million** in income to the AHC service area\* economy. Expressed in terms of jobs, AHC's impact supported **6,466** jobs in the AHC service area.

### OPERATIONS SPENDING IMPACT

- AHC employed 961 full-time and part-time faculty and staff. Payroll amounted to \$69.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$28.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$91.6 million** in income to the regional economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- AHC invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of AHC's construction spending in FY 2018-19 was **\$1.8 million** in added income for the AHC service area.

### STUDENT SPENDING IMPACT

- Around 13% of students attending AHC originated from outside the region. Some of these students relocated to the AHC service area. In addition, some in-region students, referred to as retained students, would have left the AHC service area for other educational opportunities if not for AHC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

\* For the purposes of this analysis, the AHC Service Area is comprised of San Luis Obispo, Santa Barbara, and Ventura Counties.

IMPACTS CREATED  
BY AHC IN FY 2018-19



**\$91.6 million**  
Operations Spending Impact



**\$1.8 million**  
Construction Spending Impact



**\$21.5 million**  
Student Spending Impact



**\$426.2 million**  
Alumni Impact



**\$541.1 million**  
TOTAL IMPACT

- OR -

**6,466**  
JOBS SUPPORTED



- The expenditures of relocated and retained students in FY 2018-19 added **\$21.5 million** in income to the AHC service area economy.

#### ALUMNI IMPACT

- Over the years, students have studied at AHC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, it is estimated that thousands of these former students are employed in the AHC service area.
- The net impact of AHC's former students currently employed in the regional workforce amounted to **\$426.2 million** in added income in FY 2018-19.\*\*



## Investment analysis

#### STUDENT PERSPECTIVE

- AHC's FY 2018-19 students paid a present value of **\$14.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$65.8 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$325 million** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **19.0%**.

#### TAXPAYER PERSPECTIVE

- Taxpayers provided AHC with **\$88.1 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$102.1 million**. A reduced demand for government-funded services in California will add another **\$16.4 million** in benefits to taxpayers.
- For every dollar of public money invested in AHC, taxpayers will receive **\$1.30** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.3%**.

#### SOCIAL PERSPECTIVE

- Society invests in AHC in various forms including the college's expenditures and the student opportunity cost of attendance during FY 2018-19. In turn, the California economy will grow from students' higher earnings across their working lives and the increased gross state product stemming from the spending impacts. Society will also benefit from public and private sector savings.
- For every dollar society invested in AHC in FY 2018-19, people in California will receive **\$8.90** in return, for as long as AHC's FY 2018-19 students remain active in the state workforce.

\*\* Using historical student headcount data provided by AHC, Emsi estimated the number of alumni active in the region today. Using various government data sources, the estimate takes into consideration the average time to settle-in to a career and various attrition factors such as migration and unemployment.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN AHC



**19.0%**

Average annual return for AHC students



**9.9%**

Stock market 30-year average annual return



**0.8%**

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



**FOR EVERY \$1...**



**Students gain**

**\$4.00**

in lifetime earnings



**Taxpayers gain**

**\$1.30**

in added tax revenue and public sector savings



**Society gains**

**\$8.90**

in added income and social savings

